

FIRST REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 339

94TH GENERAL ASSEMBLY

2007

1248S.06T

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## AN ACT

To repeal section 290.250, RSMo, and to enact in lieu thereof eight new sections relating to public contracts, with penalty provisions.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 290.250, RSMo, is repealed and eight new sections  
2 enacted in lieu thereof, to be known as sections 34.203, 34.206, 34.209, 34.212,  
3 34.216, 290.095, 290.250, and 1, to read as follows:

**34.203. The provisions of sections 34.203 to 34.216 shall be known  
2 and may be cited as the "Fairness in Public Construction Act".**

**34.206. The purpose of sections 34.203 to 34.216 is to fulfill the  
2 state's proprietary objectives in maintaining and promoting the  
3 economical, nondiscriminatory, and efficient expenditures of public  
4 funds in connection with publicly funded or assisted construction  
5 projects. Nothing in sections 34.203 to 34.216 shall prohibit employers  
6 or other parties covered by the National Labor Relations Act from  
7 entering into agreements or engaging in any other activity arguably  
8 protected by law, nor shall any aspect of sections 34.203 to 34.216 be  
9 interpreted in such a way as to interfere with the labor relations of  
10 parties covered by the National Labor Relations Act.**

**34.209. The state, any agency of the state, or any instrumentality  
2 thereof, when engaged in procuring or letting contracts for  
3 construction of a project that is funded by greater than fifty percent of  
4 state funds, shall ensure that bid specification, project agreements, and  
5 other controlling documents entered into, required, or subject to  
6 approval by the state, agency, or instrumentality do not:**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

7           (1) Require or prohibit bidders, offerors, contractors, or  
8 subcontractors to enter into or adhere to agreements with one or more  
9 labor organizations on the same or related projects; or

10           (2) Discriminate against bidders, offerors, contractors, or  
11 subcontractors for entering or refusing to enter or to remain signatory  
12 or otherwise adhere to agreements with one or more labor  
13 organizations on the same or related construction projects.

34.212. 1. The state, any agency of the state, or any  
2 instrumentality thereof shall not issue grants or enter into cooperative  
3 agreements for construction projects, a condition of which requires  
4 that bid specifications, project agreements, or other controlling  
5 documents pertaining to the grant or cooperative agreement contain  
6 any of the elements specified in section 34.209.

7           2. The state, any agency of the state, or any instrumentality  
8 thereof shall exercise such authority as may be required to preclude a  
9 grant recipient or party to a cooperative agreement from imposing any  
10 of the elements specified in section 34.209 in connection with any grant  
11 or cooperative agreement awarded or entered into. Nothing in sections  
12 34.203 to 34.216 shall prohibit contractors or subcontractors from  
13 voluntarily entering into agreements described in section 34.209.

34.216. 1. For purposes of this section, the term "project labor  
2 agreement" shall be defined as a multi-employer, multi-union pre-hire  
3 agreement designed to systemize labor relations at a construction site  
4 that is required by the state or a political subdivision of the state as a  
5 condition of a bid specification for a construction project, thereby  
6 insuring that all contractors and subcontractors on a project comply  
7 with the terms of a union-only agreement.

8           2. The state or a political subdivision of the state may enter into  
9 a union-only project labor agreement for the procurement of  
10 construction services, except as provided in section 34.209, on a project-  
11 by-project basis only if the project is funded fifty percent or less with  
12 state funds and only on the condition that:

13           (1) The state or political subdivision must analyze the impact of  
14 a union-only project labor agreement and consider:

15           (a) Whether the union-only project labor agreement advances the  
16 interests of the public entity and its citizens;

17           (b) Whether the union-only project labor agreement is  
18 appropriate considering the complexity, size, cost impact, and need for

19 efficiency on the project;

20 (c) Whether the union-only project labor agreement impacts the  
21 availability of a qualified work force; and

22 (d) Whether the scope of the union-only project labor agreement  
23 has a business justification for the project as bid;

24 (2) The state or political subdivision shall publish the findings  
25 of subdivision (1) of this subsection in a document titled "Intent to  
26 Enter Into a Union Project Labor Agreement". The document shall  
27 establish a rational basis upon which the state or political subdivision  
28 bases its intent to require a union-only project labor agreement for the  
29 project;

30 (3) No fewer than fourteen days but not more than thirty days  
31 following publication of the notice of a public hearing, the state or  
32 political subdivision shall conduct a public hearing on whether to  
33 proceed with its intent to require a union-only project labor agreement;

34 (4) Within thirty days of the public hearing set forth in  
35 subdivision (3) of this subsection, the state or political subdivision shall  
36 publish its determination on whether or not to require a union-only  
37 project labor agreement.

38 3. (1) Any interested party may, within thirty days of the  
39 determination of the state or political subdivision as set forth in  
40 subdivision (4) of subsection 2 of this section, appeal to the labor and  
41 industrial relations commission for a determination as to whether the  
42 state or political subdivision complied with subsection 2 of this section  
43 for a union-only project labor agreement as defined in subsection 1 of  
44 this section.

45 (2) The labor and industrial relations commission shall consider  
46 the appeal in subdivision (1) of this section under a rational basis  
47 standard of review.

48 (3) The labor and industrial relations commission shall hold a  
49 hearing on the appeal within sixty days of the filing of the appeal. The  
50 commission shall issue its decision within ninety days of the filing date  
51 of the appeal.

52 (4) Any aggrieved party from the labor and industrial relations  
53 commission decision set forth in subdivision (3) of this subsection may  
54 file an appeal with the circuit court of Cole County within thirty days  
55 of the commission's decision.

290.095. 1. No contractor or subcontractor may directly or

2 indirectly receive a wage subsidy, bid supplement, or rebate for  
3 employment on a public works project if such wage subsidy, bid  
4 supplement, or rebate has the effect of reducing the wage rate paid by  
5 the employer on a given occupational title below the prevailing wage  
6 rate as provided in section 290.262.

7 2. In the event a wage subsidy, bid supplement, or rebate is  
8 lawfully provided or received under subsections 1 or 2 of this section,  
9 the entity receiving such subsidy, supplement, or rebate shall report  
10 the date and amount of such subsidy, supplement, or rebate to the  
11 public body within thirty days of receipt of payment. This disclosure  
12 report shall be a matter of public record under chapter 610, RSMo.

13 3. Any employer in violation of this section shall owe to the  
14 public body double the dollar amount per hour that the wage subsidy,  
15 bid supplement, or rebate has reduced the wage rate paid by the  
16 employer below the prevailing wage rate as provided in section 290.262  
17 for each hour that work was performed. It shall be the duty of the  
18 department to calculate the dollar amount owed to the public body  
19 under this section.

290.250. 1. Every public body authorized to contract for or construct  
2 public works, before advertising for bids or undertaking such construction shall  
3 request the department to determine the prevailing rates of wages for workmen  
4 for the class or type of work called for by the public works, in the locality where  
5 the work is to be performed. The department shall determine the prevailing  
6 hourly rate of wages in the locality in which the work is to be performed for each  
7 type of workman required to execute the contemplated contract and such  
8 determination or schedule of the prevailing hourly rate of wages shall be attached  
9 to and made a part of the specifications for the work. The public body shall then  
10 specify in the resolution or ordinance and in the call for bids for the contract,  
11 what is the prevailing hourly rate of wages in the locality for each type of  
12 workman needed to execute the contract and also the general prevailing rate for  
13 legal holiday and overtime work. It shall be mandatory upon the contractor to  
14 whom the contract is awarded and upon any subcontractor under him, to pay not  
15 less than the specified rates to all workmen employed by them in the execution  
16 of the contract. The public body awarding the contract shall cause to be inserted  
17 in the contract a stipulation to the effect that not less than the prevailing hourly  
18 rate of wages shall be paid to all workmen performing work under the contract.  
19 [It shall also require in all contractor's bonds that the contractor include such  
20 provisions as will guarantee the faithful performance of the prevailing hourly

21 wage clause as provided by contract.] The [contractor] **employer** shall forfeit as  
22 a penalty to the state, county, city and county, city, town, district or other  
23 political subdivision on whose behalf the contract is made or awarded [ten] **one**  
24 **hundred** dollars for each workman employed, for each calendar day, or portion  
25 thereof, such workman is paid less than the said stipulated rates for any work  
26 done under said contract, by him or by any subcontractor under him, and the said  
27 public body awarding the contract shall cause to be inserted in the contract a  
28 stipulation to this effect. It shall be the duty of such public body awarding the  
29 contract, and its agents and officers, to take cognizance of all complaints of all  
30 violations of the provisions of sections 290.210 to 290.340 committed in the course  
31 of the execution of the contract, and, when making payments to the contractor  
32 becoming due under said contract, to withhold and retain therefrom all sums and  
33 amounts due and owing as a result of any violation of sections 290.210 to 290.340.  
34 It shall be lawful for any contractor to withhold from any subcontractor under  
35 him sufficient sums to cover any penalties withheld from him by the awarding  
36 body on account of said subcontractor's failure to comply with the terms of  
37 sections 290.210 to 290.340, and if payment has already been made to him, the  
38 contractor may recover from him the amount of the penalty in a suit at law.

39 **2. In determining whether a violation of sections 290.210 to**  
40 **290.340 has occurred, and whether the penalty under subsection 1 of**  
41 **this section shall be imposed, it shall be the duty of the department to**  
42 **investigate any claim of violation. Upon completing such investigation,**  
43 **the department shall notify the employer of its findings. If the**  
44 **department concludes that a violation of sections 290.210 to 290.340 has**  
45 **occurred and a penalty may be due, the department shall notify the**  
46 **employer of such finding by providing a notice of penalty to the**  
47 **employer. Such penalty shall not be due until forty-five days after the**  
48 **date of the notice of the penalty.**

49 **3. The employer shall have the right to dispute such notice of**  
50 **penalty in writing to the department within forty-five days of the date**  
51 **of the notice. Upon receipt of this written notice of dispute, the**  
52 **department shall notify the employer of the right to resolve such**  
53 **dispute through arbitration. The state and the employer shall submit**  
54 **to an arbitration process to be established by the department by rule,**  
55 **and in conformance with the guidelines and rules of the American**  
56 **Arbitration Association or other arbitration process mutually agreed**  
57 **upon by the employer and the state. If at any time prior to the**  
58 **department pursuing an enforcement action to enforce the monetary**

59 penalty provisions of subsection 1 of this section against the employer,  
60 the employer pays the backwages as determined by either the  
61 department or the arbitrator, the department shall be precluded from  
62 initiating any enforcement action to impose the monetary penalty  
63 provisions of subsection 1 of this section.

64 4. If the employer fails to pay all wages due as determined by the  
65 arbitrator within forty-five days following the conclusion of the  
66 arbitration process, or if the employer fails to exercise the right to seek  
67 arbitration, the department may then pursue an enforcement action to  
68 enforce the monetary penalty provisions of subsection 1 of this section  
69 against the employer. If the court orders payment of the penalties as  
70 prescribed in subsection 1 of this section, the department shall be  
71 entitled to recover its actual cost of enforcement from such penalty  
72 amount.

73 5. Nothing in this section shall be interpreted as precluding an  
74 action for enforcement filed by an aggrieved employee as otherwise  
75 provided in law.

Section 1. Notwithstanding the provisions of section 1.140, RSMo,  
2 the provisions of sections 290.095 and 290.250, RSMo, and sections  
3 34.203 to 34.216, RSMo, of this act shall not be severable. In the event  
4 a court of competent jurisdiction rules that any part of this act is  
5 unenforceable, the entire act shall be rendered null and void.

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President of the Senate

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Speaker of the House of Representatives

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Governor